

IFSWF Communique

The accelerating impacts of climate change are already felt worldwide, threatening ecosystems, human health, economic stability and overall sustainable development. As climate impacts escalate with each increment of warming, the urgency for global investment to be channelled into both mitigation efforts to reduce carbon emissions and adaptation measures to build resilient economies globally have never been greater.

Over the past half-decade, financing climate action has become a major investment theme for members of the International Forum for Sovereign Wealth Funds (IFSWF). Most sovereign wealth funds now recognise that while climate change poses financial risks that must be managed, they are also embracing the opportunities arising from the need to mitigate carbon emissions, adapt to climate change impacts, and enhance economic resilience in response to these changes. More and more sovereign wealth funds are reporting on their carbon footprints and have committed to reducing carbon assets in their portfolios. Some SWFs have aligned with initiatives like the One Planet Sovereign Wealth Fund Network to strengthen efforts to integrate climate-related financial risks and opportunities into the management of large and long-term asset portfolios.

Under the auspices of the COP29 Presidency and in partnership with the State Oil Fund of the Republic of Azerbaijan (SOFAZ), we convened a high-level discussion with senior representatives from a range of sovereign wealth funds and the International Monetary Fund (IMF) to explore the pivotal role SWFs can play in mobilising and directing capital toward climate action.

Following the discussion at COP29, IFSWF will reinforce member initiatives to:

1. **Scale-Up Climate Finance Investments:** Building on the progress made, IFSWF will support member efforts to increase their investments in climate finance, including their role in blended finance structures that mobilize private capital for climate adaptation and mitigation projects, especially in emerging markets and developing economies (EMDEs) where the need is greatest.
2. **Decarbonise Investment Portfolios:** IFSWF will assist its members as they build the knowledge and develop the expertise to identify investment opportunities that will accelerate the just energy transitions, for example, in sectors such as renewable energy, green infrastructure, and low-carbon technologies. We will continue to support members as they implement tools and explore pathways to reduce the carbon intensity of their portfolios, progressively align their investments with global climate goals, and advance national development goals to affect a just energy transition.
3. **Strengthen Partnerships and Collaborations:** In line with Sustainable Development Goal - 17: Partnerships for the Goal, IFSWF will continue its work facilitating the creation of strategic alliances among its members while building bridges to multilateral development banks, other development finance institutions, governments, researchers, and private sector stakeholders to identify sustainable pathways that can effectively scale climate finance.
4. **Create Innovative Financial Instruments and Platforms:** IFSWF commits to identifying and raising the awareness of members to potential new financial instruments and platforms that would best facilitate the flow of member capital into climate projects and sectors while ensuring a competitive rate of return in line with their mandates and long-term investment horizons.
5. **Promote Transparency and Accountability:** As part of our ongoing research programme, IFSWF will continue to enhance the transparency of our members' climate-related investments by providing annual reports on our members' actions to meet national climate targets. This

commitment ensures accountability and demonstrates the tangible impact of our members in driving the climate change and climate finance agenda.

IFSWF aims to regularly convene its members to review their collective progress as catalysts for mobilising capital, promoting financial solutions, and scaling investments in global sustainable, low-carbon, and climate-resilient projects. Our work will be advanced at targeted IFSWF events throughout the year, as well as during our annual meetings, and will be reinforced and further energized by our continuing engagement with the global community at COP 30 in Belém, Brasil and future United Nations (UN) Climate Change Conferences.